

## **Program B: Market Compliance Program**

Program Authorization: La. Constitution, Article IV, Section 11; Title 36, Chapter 17 and Title 22 of Louisiana Revised Statutes; Act 83 of 1977 (Reorganization Act); Act 850 of 1984 (Equal Opportunity in Insurance Act); Act 477 of 1992 (Reorganization Act); Act 517 of 1992 (Operations of Louisiana Insurance Guaranty Association with the Department of Insurance); Act 238 of 1997 (HMO Quality Assurance Act); Act 1138 of 1997 (Insurance Portability Act)

### **PROGRAM DESCRIPTION**

The mission of the Market Compliance Program is to regulate the insurance industry in the State of Louisiana by analyzing and examining regulated entities, licensing individuals, partnerships, and corporations engaged in the insurance business, ensuring that rates charged are not excessive, inadequate, or unfairly discriminatory, and reducing fraud against consumers and the insurance industry.

The goals of the Market Compliance Program are:

1. Enforce the existing laws and propose new laws that promote the protection of the public related to matters involving insurance.
2. Better meet the needs of the public and improve customer services by increasing efficiency, fairness, consistency, and timeliness in the enforcement of applicable laws and regulations.
3. Maintain and expand the knowledge of staff and the technological infrastructure to respond to current and future consumer and industry needs.
4. Promote a healthy insurance market in the State of Louisiana.
5. Work with other states and the National Association of Insurance Commissioners (NAIC) to standardize insurance regulatory efforts.

The Market Compliance Program is organizationally comprised of four offices and one division: the Office of Financial Solvency, the Office of Licensing and Compliance, the Office of the Insurance Rating Commission, and the Office of Health Insurance.

The Office of Financial Solvency meets its statutory obligations by examining and monitoring regulated entities for the following: solvency of insurance companies; fair and proper treatment of policyholders; that reserve requirements are maintained; and that investments are made in accordance with Louisiana insurance statutes.

The Office of Licensing and Compliance issues licenses to individuals, partnerships, and corporations engaged in the insurance business in Louisiana. This office assists consumers who have complaints against property and casualty and life and annuity insurers. When warranted, consumer complaints are referred to the Market Conduct Division of the Office of Financial Solvency for appropriate action. Consumer complaints against agents, solicitors, brokers or surplus lines brokers are reviewed and, when appropriate, referred for legal action. The Office of Licensing and Compliance must review and approve all new property and casualty and life and annuity policy forms as well as changes to existing policy forms before the forms can be used in Louisiana. Efforts are made to prevent advertising or sales misrepresentation by the insurance industry.

The Office of Health Insurance consolidates the administration of insurance and government programs related to health insurance. Major changes in Louisiana's insurance laws have been made to comply with federal requirements and establish Louisiana's options for programs to implement and enforce those laws. The office monitors and approves insurers seeking to qualify to participate in insurance programs for children and adults. The division reviews services provided by health maintenance organizations (HMOs) and establishes appropriate quality standards to assure that policyholders and health care providers are protected. This office assists residents, health insurers, HMOs, government health benefit plans, and public programs in resolving disputes over health benefits or coverage requirements and assures that Louisiana residents receive the health care benefits to which they are entitled. The office provides counseling on Medicare, Medigap, Medicare HMOs, Medicare Choice, Long-Term Care Insurance, and Medicaid programs for Medicare beneficiaries and provides functional supervision over the review of HMO provider networks.

The Office of the Insurance Rating Commission is a seven-member commission consisting of the elected commissioner of insurance and six members who are appointed by the governor. The office, which is administered by the commissioner of insurance, regulates rules and rates of property, casualty, surety, and inland marine insurance to ensure that rates are not excessive, inadequate, or unfairly discriminatory.

### **OBJECTIVES AND PERFORMANCE INDICATORS**

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2000-2001. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

**The objectives and performance indicators that appear below are associated with program funding in the Base Executive Budget for FY 2000-01. Specific information on program funding is presented in the financial sections that follow performance tables.**

1. (KEY) Through the Office of Financial Solvency, to monitor the regulated entities to detect adverse financial and other conditions by performing all scheduled financial examinations, market conduct examinations, and analyses.

Strategic Link: This operational objective is related to the program's Strategic Objective I.2: *Monitor the regulated entities to detect adverse financial and other conditions and to follow up as necessary.*

Explanatory Note: In the process of developing the program's strategic and operational plans, performance indicators were chosen to represent the bulk of the work in the Office of Financial Solvency. During the past few years, there has been better early detection of troubled companies due to the timely analysis and examination of insurers. The examination and analysis processes are two separate functions of the Office of Financial Solvency. However, each function supports the other. Examination findings are followed up and monitored through the analysis process. In addition, the analysis function monitors the filings of the company and the continued operations of the company. This analysis feeds into the examination process when an examination of an insurer is scheduled. The department does examine companies more frequently than five years. This may occur based on any number of factors, including changes in management, analysis results, or complaints received.

Explanatory Note: There are 200 companies subject to an annual office review/analysis and to financial examination at least once every five years. The number of domestic insurers has hovered around 200 for years.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of entities scheduled for financial examination <sup>1</sup>	Not applicable <sup>2</sup>	Not available <sup>2</sup>	45	45	45	45
K	Number of entities examined (financial examination) <sup>3</sup>	40	51	45	45	45	45
K	Number of entities scheduled for market conduct examination <sup>4</sup>	Not applicable <sup>4</sup>	Not available <sup>4</sup>	30	30	30	30
K	Number of entities examined (market conduct examination)	Not applicable <sup>5</sup>	Not available <sup>5</sup>	30	30	30	30
K	Number of entities to be analyzed <sup>6</sup>	Not applicable <sup>7</sup>	Not available <sup>7</sup>	400	400	400	400
K	Number of entities analyzed <sup>6</sup>	Not applicable <sup>7</sup>	Not available <sup>7</sup>	400	400	400	400
S	Number of valid complaints from insurers regarding examinations <sup>8</sup>	Not applicable <sup>8</sup>	Not available <sup>8</sup>	5	5	5	5

- <sup>1</sup> This performance indicator reflects the number of financial (or field) examinations of domestic insurance companies to be initiated during the fiscal year. By statute, companies are subject to examination at least every five years. Examinations can be complex due to the nature and size of the company, its manner of record-keeping, the quality of its records, or its condition as revealed through analysis or as the on-site examination unfolds. Some examinations require examiners with special expertise or experience, so availability of certain examiners must be taken into account in some cases. Exams are scheduled using a priority system. Priorities are assigned on the basis of information such as results of analysis, results from prior exams, changes in management, information received by the DOI and length of time since last examination. The examination schedule is updated monthly based on progress of ongoing exams and changes in priorities. The schedule is kept on a calendar year basis, but values for FY 1999-00 and forward are by fiscal year.
- <sup>2</sup> This performance indicator was introduced in FY 1999-00. It did not appear under Act 19 of 1998 and does not have a FY 1998-99 performance standard. In FY 1998-99 no distinction in tracking was made between analysis and regular, statutorily mandated financial examinations. As a result, no actual data for financial examinations are available for FY 1998-99.
- <sup>3</sup> In FY 1998-99, this performance indicator was entitled "Number of on-site examinations of domestic insurance companies." However, the indicator still refers to the on-site financial examination of domestic insurance companies. Since the examination schedule is kept on a calendar year basis, the FY 1998-99 values are for calendar year. However, values for FY 1999-00 and forward are by fiscal year.
- <sup>4</sup> This indicator reflects the number of market conduct examinations expected to be initiated during the fiscal year. Market conduct examinations are conducted to assure that companies, agents, and agencies are complying with applicable laws, rules, and regulations to the end that policyholders and claimants are treated fairly and within the law. These exams may be done as part of the financial (on-site) exam, or may be independent of the financial exam. Market compliance examinations are not scheduled but may be triggered by complaints or by special situations that may be brought to light in another state but may impact policyholders and claimants in Louisiana. This indicator was introduced in FY 1999-00. It did not appear under Act 19 of 1998 and has no FY 1998-99 performance standard. Data for this indicator were not tracked prior to FY 1999-00. As a result, there are no actual, historical data for this indicator.
- <sup>5</sup> This performance indicator was introduced in FY 1999-00. It did not appear under Act 19 of 1998 and does not have a FY 1998-99 performance standard. Data for this indicator were not tracked in FY 1998-99; as a result, no actual, historical data are available for this indicator.
- <sup>6</sup> This indicator refers to the annual office review (under R. S. 22:1303) of domestic insurers (except life, health and funeral). The Department of Insurance (DOI) now calls this activity "analysis" because the scope has been broadened to include more documents and data, and also includes self-insurance funds and may also include priority foreign and surplus lines companies. Through the analyses and financial examinations, the DOI has been able to provide better, more effective monitoring of insurers.
- <sup>7</sup> This performance indicator was introduced in FY 1999-00. It did not appear under Act 19 of 1998 and does not have a FY 1998-99 performance standard. Data for this indicator were not tracked in FY 1998-99; as a result, no actual, historical data are available for this indicator. In prior years, the department has tracked the number of analyses performed (there may be more than one per entity) rather than the number of entities analyzed.
- <sup>8</sup> The numbers supporting this indicator will be gathered by a survey sent to insurers following examinations conducted by the Department of Insurance. This survey has not been conducted prior to FY 1999-00. Therefore, there are no actual, historical data for this indicator. The figures for FY 2000-01 are estimated and represent targeted values.

Explanatory Note: The analysis and examination processes provide better early detection of troubled companies, not necessarily a reduction or increase in the number of troubled companies. Better early detection allows the Department of Insurance to closely monitor a troubled company's activities. A reduction or increase in the number of companies under administrative supervision is more a measure of the overall marketplace than a program outcome indicator. An increase in the number of companies under administrative supervision may mean that the analysis and examination processes are working very well, and that these troubled companies have been detected in a timely manner. As a practical matter, it is nearly impossible to predict the number of companies that might be placed in administrative supervision in any fiscal year.

GENERAL PERFORMANCE INFORMATION: MARKET COMPLIANCE					
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1994-95	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99
Total number of insurance companies under administrative supervision at end of fiscal year <sup>1,2</sup>	17	12	9	8	4
Number of insurance companies placed under administrative supervision during fiscal year	Not available <sup>3</sup>	Not available <sup>3</sup>	4	1	1
Number of companies successfully removed from administrative supervision (restored to good health) during the fiscal year	Not available <sup>3</sup>	Not available <sup>3</sup>	7	2	5
Average time a company is under administrative supervision (in months)	Not available <sup>3</sup>	12.7	17.3	20.7	12.2

<sup>1</sup> Beginning with FY 2000-01, the Department of Insurance will track and report this indicator from the beginning of the fiscal year in order to be consistent with the way companies in receivership are tracked.

<sup>2</sup> Once a company is released from supervision, it is removed from the list of companies in supervision. The number reflected is the number of companies in supervision at fiscal year end. The companies that were released during the year will be reflected in the average time a company is in supervision.

<sup>3</sup> Data for this performance indicator were not collected until FY 1996-97.

Explanatory Note: Companies placed in administrative supervision may be restored to good health and removed from administrative supervision; remain in administrative supervision; or be closed (that is, they may shut down or go out of business) from administrative supervision. Companies that are closed are not moved to receivership.

2. (KEY) Through the Office of Licensing and Compliance, Agent Licensing Division, to oversee the licensing process.

Strategic Link: This operational objective is related to the program's Strategic Objective IV.4: *Expedite the approval or disapproval of license applications, license renewals, registrations, annual filings, pre-licensing, and continuing education filings by June 30, 2003.*

Explanatory Note: Licensing for property and casualty and life and annuity and health agents alternates years. There are fewer property and casualty agents licensed. Therefore, performance indicator values will be lower in all indicators in years in which property and casualty renewals occur.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of agent, agency, broker and solicitor licenses issued <sup>1</sup>	11,780 <sup>1</sup>	15,723	9,739 <sup>2</sup>	9,739 <sup>2</sup>	9,739	9,739
K	Number of agent, agency, broker and solicitor renewals processed <sup>1</sup>	16,000 <sup>1</sup>	18,171	29,070 <sup>3</sup>	29,070 <sup>3</sup>	29,070	29,070
K	Number of company appointments processed <sup>4</sup>	217,220	239,733	171,069	171,069	171,069	171,069

<sup>1</sup> Previously, the "Number of agent, agency, broker and solicitor licenses issued" and the "Number of agent, agency, broker and solicitor renewals processed" were combined into one indicator titled "Number of agent license new issues/renewals received and processed." The FY 1998-99 performance standard for the combined indicator is 27,780. Because the Act 19 standard for the former indicator was an aggregate of the new indicators, the Act 19 value of these new indicators could be identified.

<sup>2</sup> Although the FY 1999-00 performance standard for this indicator is 9,739, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend number to be 15,700.

<sup>3</sup> Although the FY 1999-00 performance standard for this indicator is 29,070, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend number to be 33,000.

<sup>4</sup> Increases in the number of licenses and reinstatements caused an increase in appointments in FY 1998-99. In addition, there was some increase in appointments because the Department of Insurance enforced a requirement that an agent have a company appointment in order to renew his/her license. Agents who held licenses but were not selling any insurance were required to obtain company appointments to keep their licenses. That requirement has been removed.

**GENERAL PERFORMANCE INFORMATION: AGENT LICENSING DIVISION**

<b>PERFORMANCE INDICATOR</b>	<b>PRIOR YEAR ACTUAL FY 1994-95</b>	<b>PRIOR YEAR ACTUAL FY 1995-96</b>	<b>PRIOR YEAR ACTUAL FY 1996-97</b>	<b>PRIOR YEAR ACTUAL FY 1997-98</b>	<b>PRIOR YEAR ACTUAL FY 1998-99</b>
Number of agent, broker, and solicitor examinations administered	5,169	6,181	6,099	6,036	6,288
Total number of agents, agencies, brokers, and solicitors licensed	Not available	Not available	Not available	51,696	61,613
Number of continuing education courses reviewed	Not available	Not available	Not available	850 <sup>1</sup>	762 <sup>2</sup>
Number of agent licensing telephone inquiries <sup>3</sup>	Not available	Not available	108,200	118,532	76,217

<sup>1</sup> Of the 850 continuing education courses reviewed in FY 1997-98, 829 were approved and 21 were disapproved.

<sup>2</sup> Of the 762 continuing education courses reviewed in FY 1998-99, 736 were approved and 26 were disapproved.

<sup>3</sup> As part of the licensing function, the Office of Insurance Compliance handles telephone calls and in-house visits by prospective license applicants seeking information and assistance.

3. (KEY) Through the Office of Licensing and Compliance, Company Licensing Division, to review company applications for a Certificate of Authority within an average of 90 days.

Strategic Link: This operational objective is related to the program's Strategic Objective IV.4: *Expedite the approval or disapproval of license applications, license renewals, registrations, annual filings, pre-licensing, and continuing education filings by June 30, 2003.*

Explanatory Note: A Certificate of Authority is evidence of approval to operate in Louisiana. A Certificate of Authority is issued to a domestic, foreign or alien insurance company that has filed a complete appropriate application with the Department of Insurance and, after thorough review of the application's information, has been approved to operate in Louisiana.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of company licensing applications and filings pending at beginning of fiscal year <sup>1</sup>	Not applicable <sup>1</sup>	70 <sup>2</sup>	Not applicable <sup>1</sup>	55 <sup>1</sup>	95 <sup>3</sup>	95 <sup>3</sup>
K	Total number of company licensing applications and filings received <sup>4</sup>	196	63 <sup>5</sup>	317 <sup>5</sup>	317 <sup>5</sup>	317	317
K	Number of company licensing applications and filings processed	Not applicable <sup>6</sup>	78 <sup>7</sup>	Not applicable <sup>6</sup>	120 <sup>6</sup>	343	343
K	Average number of days to review company licensing applications	90 <sup>8</sup>	168	90 <sup>9</sup>	90 <sup>9</sup>	90	90

- <sup>1</sup> This is a new performance indicator. It did not appear under Act 19 of 1998 or Act 10 of 1999 and has no performance standards for FY 1998-99 and FY 1999-00. The value shown for existing performance standard is an estimate not a standard. For FY 1998-99 and FY 1999-00, the number of company licensing applications and filings pending were measured as of fiscal yearend. To promote data consistency among annual indicators, the department is moving to a "beginning of fiscal year" count for performance indicators.
- <sup>2</sup> A shortage of personnel in the Fraud Division caused a backup in background checks. This, in turn, increased the backlog in company licensing. Filings in the last 90 days of any fiscal year are carried over into the next fiscal year.
- <sup>3</sup> FY 2000-01 values for this indicator are based on the most current department estimates for FY 1999-00: Number of company licensing applications and filings pending at beginning of fiscal year (55); total number of company licensing applications received (160); number of company licensing applications processed (120). These estimates lead to a projection of 95 company licensing applications and filings pending at the beginning of FY 2000-01.
- <sup>4</sup> Total includes risk purchasing group, viatical settlement broker, viatical settlement provider, dental referral plan, and third party administrator applications. The name of this indicator has been amended to add the words "total" and "and filings." This was done for clarity and does not change what the indicator measures or how the measurement is calculated.
- <sup>5</sup> The number of applications received in FY 1998-99 was down due, the department believes, to the changes in laws and rates for auto insurance and changes in laws regarding Medicare. Although the FY 1999-00 performance standard for this indicator is 317, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend number to be 160.
- <sup>6</sup> This is a new performance indicator. It did not appear under Act 19 of 1998 or Act 10 of 1999 and has no performance standards for FY 1998-99 and FY 1999-00. The value shown for existing performance standard is an estimate not a standard.
- <sup>7</sup> Of the total number of company licensing applications and filings processed in FY 1998-99, 69 were approved, 4 were disapproved, and 5 were withdrawn.
- <sup>8</sup> The FY 1998-99 performance standard for this indicator is 45-90 days. Since the state's electronic performance database cannot accept a range as a performance indicator value, the upper portion of this FY 1998-99 range has been designated at the FY 1998-99 performance standard value.
- <sup>9</sup> Although the FY 1999-00 performance standard for this indicator is 90 days, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be 120 days.

4. (KEY) Through the Property & Casualty (P&C) and Life & Annuity (L&A) sections of the Consumer Division of the Office of Licensing and Compliance, to resolve consumer complaints and provide consumer education programs and services.

Strategic Link: This operational objective is related to the program's Strategic Objective II.1: *By June 30, 2001, furnish protection and assistance to consumers by increasing efficiency, fairness, consistency, and timeliness in the enforcement of applicable laws and regulations.*

Explanatory Note: Consumer complaints are investigated to conclusion. However, the department cannot guarantee that a given claim will be resolved to the complete satisfaction of the consumer who is filing that complaint. The department is not able to obtain a claim payment or premium refund in every instance. For example, a consumer may desire that a policy respond for an excluded or not-covered item or event, or may not be satisfied with the handling of a claim, but the company may have acted properly under the laws, rules, and regulations that apply to the situation that is the basis of the complaint.

Explanatory Note: The Office of Health Insurance was established during FY 1997-98. Prior to the creation of that office, performance indicators related to insurance complaints included statistics for health insurance as well as Property & Casualty (P&C) and Life & Annuity (L&A) insurance. Statistics are now segregated for health insurance and P&C and L&A insurance.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of P&C and L&A complaints received <sup>1</sup>	1,700	495	2,814 <sup>2</sup>	2,814 <sup>2</sup>	2,814	2,814
K	Number of P&C and L&A complaint investigations concluded <sup>3</sup>	1,700	495	2,532 <sup>4</sup>	2,532 <sup>4</sup>	2,532	2,532
K	Average number of days to conclude a routine P&C or L&A complaint	Not applicable <sup>5</sup>	Not available <sup>5</sup>	Not applicable <sup>5</sup>	Not available <sup>5</sup>	120	120
K	Amount of P&C and L&A claims payments/premium refunds recovered by claimants from the insurer	\$1,950,000	\$3,492,000	\$2,312,844 <sup>6</sup>	\$2,312,844 <sup>6</sup>	\$2,350,000	\$2,350,000
S	Number of P&C and L&A inquiries received <sup>7</sup>	84,780 <sup>7</sup>	43,413 <sup>7</sup>	31,386 <sup>7</sup>	31,386 <sup>7</sup>	33,250	33,250

- <sup>1</sup> Previously, the number of Property & Casualty and Life & Annuity insurance complaints received and concluded were combined into one performance indicator. For accuracy and clarity, complaints received and complaints concluded are now reported separately.
- <sup>2</sup> Although the FY 1999-00 performance standard for this indicator is 2,814, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be 2,716.
- <sup>3</sup> The name of this performance indicator has been modified from "number of P&C and L&A complaints resolved" to "number of P&C and L&A complaint investigations concluded. For purposes of consistency in reporting, the name of this indicator was modified so that this function in the P&C and L&A sections and the same function in the Consumer Division of the Office of Health (which perform essentially the same functions) will have the same indicator names for indicators that measure the same things. Also, "concluded" is a more accurate term than "resolved" in the context of this function. The change in indicator name does not change the values for the indicator or the method for calculating indicator values.
- <sup>4</sup> Although the FY 1999-00 performance standard for this indicator is 2,532, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be 2,580.
- <sup>5</sup> This performance indicator did not appear under Act 19 of 1998 or Act 10 of 1999 and has no FY 1998-99 or FY 1999-00 performance standards. The value shown for existing performance standard is an estimate not a standard. For FY 1998-99, an indicator entitled "Average time to resolve property and casualty or life and annuity complaint (in days)" had a performance standard of 90 days and an actual reported level of 120 days. For purposes of consistency in reporting, beginning with FY 2000-01, the average number of days to conclude a routine complaint will be targeted and reported for both P&C and L&A complaints and health insurance complaints.
- <sup>6</sup> Although the FY 1999-00 performance standard for this indicator is \$2,312,844, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be \$2,139,359.
- <sup>7</sup> This indicator includes telephone calls, written, and in-house, face-to-face inquiries. This is a new performance indicator that did not appear under Act 19 of 1998 or Act 10 of 1999. However, the indicator is an aggregate of two performance indicators previously reported ("Number of P&C and L&A telephone calls received" and "Number of P&C and L&A in-house, face-to-face interviews conducted"). These indicators do have performance standards for FY 1998-99 and FY 1999-00. As a result the performance standard value for the aggregate indicator can be determined. For purposes of consistency in reporting, these two indicators have been combined so that the complaint unit in the P&C and L&A sections and the complaint unit in the Office of Health (which perform essentially the same functions) will have the same indicators as measures of their performance. Although the aggregate performance standard for FY 1999-00 would be 31,386, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend total will be 44,424.

5. (KEY) Through the Office of Licensing and Compliance, Property & Casualty and Life & Annuity (P&C and L&A) Division, Policy Forms Review Section, to pre-approve contract forms for use by consumers.

Strategic Link: This operational objective is related to the program's Strategic Objective I.3: *By June 30, 2003, implement an expedited review process which allows for handling of contract form filings and revisions within 60 days of receipt.*

Explanatory Note: The Office of Health Insurance was established during FY 1997-98. Prior to the creation of that office, performance indicators related to pre-approval of contract forms included figures for health insurance as well as Property & Casualty (P&C) and Life & Annuity (L&A) insurance. As of FY 1999-00, statistics are being collected and reported separately for health insurance and P&C and L&A insurance. However, FY 1998-99 figures for P&C and L&A retain Medicare supplement and long-term care insurance filings.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of P&C and L&A contract forms pending <sup>1,2</sup> at beginning of fiscal year	Not applicable <sup>2</sup>	Not available <sup>2</sup>	Not applicable <sup>2</sup>	20,977 <sup>2</sup>	16,664 <sup>3</sup>	16,664 <sup>3</sup>
K	Number of P&C and L&A contract forms received <sup>1</sup>	17,000	22,675	21,966 <sup>4</sup>	21,966 <sup>4</sup>	23,250	23,250
K	Number of P&C and L&A contract forms processed <sup>1</sup>	Not applicable <sup>5</sup>	22,546 <sup>6</sup>	Not applicable <sup>3</sup>	27,510 <sup>5</sup>	27,510	27,510

<sup>1</sup> Forms received in the last 60 days of the fiscal year will not be processed until the following fiscal year.

<sup>2</sup> This is a new performance indicator. It did not appear under Act 19 of 1998 or Act 10 of 1999 and does not have performance standards for FY 1998-99 and FY 1999-00. The value shown for existing performance standard is an estimate not a standard. Performance information on pending contract forms was previously reported on a yearend basis. However, the department is moving to a "beginning of fiscal year" measurement basis on several performance indicators in order to increase data consistency. FY 1998-99 contract pre-approval figures include some statistics for health insurance (Medicare supplement and long-term care insurance) as well as P&C and L&A insurance. As a result, no FY 1998-99 actual value that isolates only pending P&C and L&A contract forms is available.

<sup>3</sup> The projected number of contract forms pending at the beginning of FY 2000-01 (16,664) is based upon the estimated number of cases pending at the beginning of FY 1999-00 (20,977), plus the department's current estimate for yearend total forms received (23,197), minus the estimated number of contract forms processed by yearend (27,510).

<sup>4</sup> Although the FY 1999-00 performance standard for this indicator is 21,966, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend total to be 23,197.

<sup>5</sup> This is a new performance indicator. It did not appear under Act 19 of 1998 or Act 10 of 1999 and does not have performance standards for FY 1998-99 and FY 1999-00. The value shown for existing performance standard is an estimate not a standard. The estimated number of forms processed is based on FY 1999-00 performance standards for number of contract forms approved (16,140) and number of contract forms disapproved (11,370).

<sup>6</sup> Of the total number of contract forms processed in FY 1998-99, 12,405 were approved and 10,141 were disapproved.

6. (KEY) Through the Office of Health Insurance, to assist and protect consumers with health care coverage needs.

Strategic Link: This operational objective is related to the program's Strategic Objective II.1: *By June 30, 2001, furnish protection and assistance to consumers by increasing efficiency, fairness, consistency, and timeliness in the enforcement of applicable laws and regulations.*

Explanatory Note: Consumer complaints are investigated to conclusion. However, the department cannot guarantee that a given claim will be resolved to the complete satisfaction of the consumer who is filing that complaint. The department is not able to obtain a claim payment or premium refund in every instance. For example, a consumer may desire that a policy respond for an excluded or not-covered item or event, or may not be satisfied with the handling of a claim, but the company may have acted properly under the laws, rules, and regulations that apply to the situation that is the basis of the complaint.

Explanatory Note: The Office of Health Insurance was established during FY 1997-98. Prior to the creation of that office, performance indicators related to insurance complaints included statistics for health insurance as well as Property & Casualty (P&C) and Life & Annuity (L&A) insurance. Statistics are now segregated for health insurance and P&C and L&A insurance.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of health insurance complaints received <sup>1</sup>	2,000 <sup>1</sup>	2,013 <sup>1</sup>	2,000 <sup>2</sup>	2,000 <sup>2</sup>	2,000	2,000
K	Number of health insurance complaint investigations concluded <sup>1</sup>	2,000 <sup>1</sup>	2,013 <sup>1</sup>	1,500 <sup>2</sup>	1,500 <sup>2</sup>	2,500	2,500
K	Amount of total health insurance related claim benefits/premium refunds recovered for consumers	\$50,000	\$1,001,915	\$100,000 <sup>3</sup>	\$100,000 <sup>3</sup>	\$1,000,000	\$1,000,000
K	Average number of days to conclude routine health insurance complaint	90	180	90 <sup>4</sup>	90 <sup>4</sup>	90	90
S	Number of health insurance related inquiries received <sup>5</sup>	45,570 <sup>5</sup>	12,139 <sup>5</sup>	9,035 <sup>5</sup>	9,035 <sup>5</sup>	18,000 <sup>6</sup>	18,000 <sup>6</sup>

- <sup>1</sup> Prior to FY 1999-00, this performance indicator was reported as "Number of health complaints from insured received and resolved." For accuracy and clarity, the number of health insurance complaints received and the number of health insurance complaints investigations concluded are now being reported separately.
- <sup>2</sup> Although the number of health insurance complaints received has a performance standard of 2,000, the number of health insurance complaint investigations concluded has a performance standard of 1,500 because the office is new and still hiring and training staff. It takes a minimum of one year before a new compliance examiner can be allowed to perform fairly routine investigations on an independent basis and up to or more than two years before he/she can perform most investigations independently. Prior to taking action on a complaint investigation, the file and proposed action must be reviewed and approved by an experienced compliance examiner. The number of experienced compliance examiners available to handle training and complicated investigations is limited. Nonetheless, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates that by yearend, 2,300 investigations will be concluded.
- <sup>3</sup> Although the FY 1999-00 performance standard for this indicator is \$100,000, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be \$1,000,000.
- <sup>4</sup> Although the FY 1999-00 performance standard for this indicator is 90 days, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be 120 days.
- <sup>5</sup> This indicator includes telephone calls, written, and in-house, face-to-face inquiries. This is a new performance indicator that did not appear under Act 19 of 1998 or Act 10 of 1999. However, the indicator is an aggregate of two performance indicators previously reported ("Number of health-related telephone calls received" and "Number of health-related in-house, face-to-face interviews conducted"). These indicators do have performance standards for FY 1998-99 and FY 1999-00. As a result the performance standard value for the aggregate indicator can be determined. For purposes of consistency in reporting, these two indicators have been combined so that the complaint unit in the Office of Health and the complaint unit in the P&C and L&A section (which perform essentially the same functions) will have the same indicators as measures of their performance. Although the aggregate performance standard for FY 1999-00 would be 9,035, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend total will be 20,120.
- <sup>6</sup> The department anticipates an increased number of health insurance related inquiries related to Medicare supplement and long-term care.

7. (KEY) Through the Office of Health Insurance, Contract Forms Review Section, to review contract forms before the forms are sold in Louisiana.

Strategic Link: This operational objective is related to the program's Strategic Objective I.3: *By June 30, 2003, implement an expedited review process which allows for handling of contract form filings and revisions within 60 days of receipt.*

Explanatory Note: The Office of Health Insurance was established during FY 1997-98. Prior to the creation of that office, performance indicators related to pre-approval of contract forms included statistics for health insurance as well as Property & Casualty (P&C) and Life & Annuity (L&A) insurance. FY 1998-99 figures for P&C and L&A retain Medicare supplement and long-term care insurance filings. As of FY 1999-00, figures for health insurance and P&C and L&A are being collected and reported separately.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of health insurance related contract forms <sup>1</sup> pending at beginning of fiscal year	Not applicable <sup>2</sup>	Not available <sup>2</sup>	Not applicable <sup>2</sup>	1,700 <sup>2</sup>	750 <sup>2</sup>	750 <sup>2</sup>
K	Number of health insurance related contract forms <sup>1,3</sup> received for review	8,000	2,444 <sup>4</sup>	7,000 <sup>5</sup>	7,000 <sup>5</sup>	5,250	5,250
K	Number of health insurance related contract forms <sup>1</sup> processed	Not applicable <sup>6</sup>	3,654 <sup>7</sup>	Not applicable	5,750 <sup>6</sup>	5,750	5,750

<sup>1</sup> Forms received in the last 60 days of the fiscal year will not be reviewed until the following fiscal year. Thus, the number processed in any fiscal year does not necessarily equal the number received in the same fiscal year. The backlog carrying over from one fiscal year to the next is decreasing.

<sup>2</sup> This is a new performance indicator. It did not appear under Act 19 of 1998 or Act 10 of 1999 and has no performance standards for FY 1998-99 and FY 1999-00. Because the Office of Health has been in existence for a short time, available baseline data are limited. As baseline data accrue, the office will measure the number of health insurance-related contract forms pending at the beginning of each fiscal. The department indicates that there are no reliable FY 1998-99 data for this performance indicator. New procedures have been allowed for certification of 34 HMO filing certificates, and some of the backlog has cleared. The value shown for existing performance standard is an estimate not a standard. Continuation and recommended level values are based on the estimated number of contract forms pending at the beginning of FY 1999-00 (1,700) plus the department's current estimate of the number of forms received for review in FY 1999-00 (4,800), minus the estimated number of forms processed in FY 1999-00 (5,750).

- <sup>3</sup> The FY 1998-99 actual excludes forms filed for Medicare supplement and long-term care insurance. After one year of hiring and training examiners, beginning with FY 1999-00, the Office of Health assumed responsibility for Medicare supplement filings, including forms, rates and advertising, which represent a large volume. Also, the department will be implementing new procedures for certification of major medical policy forms and expects to receive an initial increase in new filings due to insurers discontinuing outdated forms and replacing same with revised forms.
- <sup>4</sup> The department believes that the backlog in this section brought about a reduction in the number of forms submitted by companies. Additionally, the numbers tracked and reported as actual yearend performance for FY 1998-99 exclude forms filed for Medicare supplement and long-term care insurance.
- <sup>5</sup> Although the FY 1999-00 performance standard for this indicator is 7,000, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be 4,800.
- <sup>6</sup> This is a new performance indicator. It did not appear under Act 19 of 1998 or Act 10 of 1999 and has no performance standards for FY 1998-99 and FY 1999-00. The value shown for existing performance standard is an estimate not a standard. The estimate is based on current department expectations for the number of health insurance related contract forms approved (2,600) and number of health insurance related contract forms disapproved (3,150) in FY 1999-00.
- <sup>7</sup> Of the health insurance related contract forms processed in FY 1998-99, 2,564 were approved and 1,090 were disapproved.

8. (KEY) Through the Office of Health Insurance, Seniors Health Insurance Information Program (SHIIP), to provide senior citizens with health-related counseling.

Strategic Link: This operational objective is related to the program's Strategic Objective IV.1: *By June 30, 2001, increase the number of senior citizens receiving services by the Senior Health Insurance Information Program (SHIIP) to help them to become knowledgeable healthcare consumers.*

Explanatory Note: SHIIP is funded in part (75%) by a federal grant.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Estimated savings to counseled senior health clients <sup>1</sup>	\$250,000	\$744,024	\$350,000 <sup>2</sup>	\$350,000 <sup>2</sup>	\$350,000	\$350,000
S	Number of senior health group presentations provided	85	45 <sup>3</sup>	85 <sup>3</sup>	85 <sup>3</sup>	85	85
S	Number in attendance at senior health group presentations	5,000	3,738 <sup>4</sup>	6,000 <sup>4</sup>	6,000 <sup>4</sup>	6,000	6,000
S	Number of initial and follow-up senior health volunteer counselor training sessions provided	18	10 <sup>3</sup>	20 <sup>3</sup>	20 <sup>3</sup>	20	20
S	Number of senior health insurance related telephone calls, walk-ins, and home-site counseling services provided	6,000	15,106 <sup>5</sup>	6,000 <sup>5</sup>	6,000 <sup>5</sup>	6,000	6,000
S	Number of senior health publications disseminated	65,000	45,530 <sup>6</sup>	50,000 <sup>6</sup>	50,000 <sup>6</sup>	50,000	50,000

<sup>1</sup> SHIIP estimates savings to clients (seniors) by using a formula developed by the federal Health Care financing Administration (HCFA) and the Insurance Counseling and Assistance National Performance Reporting Subcommittee. This formula is used in reporting to the HCFA. Savings may result when Medicare Supplement claims filing assistance results in the 20% that Medicare does not pay being counted; or, when an examination of the senior's finances indicates that he/she might be eligible for a program that allows Medicaid to pay the Medicare deductible, co-insurance, and premiums. Another form of savings can occur when a senior decides to go to a Medicare HMO as opposed to Medigap Coverage, for which he/she has been paying \$100 per month; the saving in that situation is \$1,200 per year (the amount previously paid for the Medigap Coverage). The department has no control over the amount of savings to seniors because the final savings for the year depends upon what type of help the department can provide to the seniors who seek counseling.

- <sup>2</sup> Although the FY 1999-00 performance standard for this indicator is \$350,000, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be \$1,300,000.
- <sup>3</sup> Because the staff member responsible for this training was new in the position, fewer group presentations and training sessions were held in FY 1998-99. The number of training sessions should increase as the employee becomes more experienced. Although the FY 1999-00 performance standard for number of senior health group presentations provided is 85, the department's current yearend estimate is 46. Although the FY 1999-00 performance standard for number of initial and follow-up senior health volunteer counselor training sessions provided is 20, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend number to be 16.
- <sup>4</sup> In FY 1998-99, there were fewer presentations to large associations and groups; most presentations were made to smaller groups. Although the FY 1999-00 performance standard for this indicator is 6,000, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be 3,600.
- <sup>5</sup> Much of the higher-than-expected FY 1998-99 actual performance value is a result of the introduction of the Medicare HMO, which generated a lot of interest and questions, and thus more requests for information. Although the FY 1999-00 performance standard for this indicator is 6,000, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Report that it currently estimates the yearend figure to be 24,200.
- <sup>6</sup> In 1998 the federal Health Care Financing Administration did not publish "*A Guide to Health Insurance for People with Medicare*," SHIIP's most popular publication. The department's current estimate (reported in its FY 1999-00 Second Quarter Performance Progress Report) for yearend FY 1999-00 is 47,000 senior health publications disseminated.

9. (KEY) Through the Office of Health Insurance, to review health maintenance organization (HMO) provider networks and/or accreditation bodies for quality assurance.

Strategic Link: This operational objective is related to the program's Strategic Objective I.3: *By June 30, 2003, implement an expedited review process which allows for handling of contract form filings and revisions within 60 days of receipt.*

Explanatory Note: A Health Maintenance Organization (HMO) is any corporation organized and domiciled in Louisiana that undertakes to provide or arrange for the provision of basic health care services to enrollees in return for a prepaid charge. All HMOs must obtain a Certificate of Authority from the Louisiana Department of Insurance prior to operation. An HMO accreditation organization is an entity that reviews managed care organization for quality of care and appropriateness of health care services delivered to their subscribers.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of HMO provider networks and/or accreditation bodies inspected for quality assurance <sup>1</sup>	26	0	6	6	6	6
K	Percentage of HMO provider networks and/or accreditation bodies inspected for quality assurance during fiscal year <sup>1</sup>	100%	0	33%	33%	33%	33%

<sup>1</sup> This objective and performance indicators cover a new regulatory function mandated by the legislature during its 1997 regular session. During FY 1998-99, standards and procedures are being developed for the four mandated categories: Utilization Review, Grievance Procedures, Provider Networks, and Provider Contracts. Although performance standards for FY 1998-99 called for the quality assurance review of all HMO provider networks and/or accreditation bodies (26 during FY 1998-99 but now 18), the FY 1998-99 operational plan submitted by the department did not allow sufficient time for establishment of standards and procedures or for the hiring and training of staff to perform the function. The department expects inspections to begin during FY 1999-00. Inspections are required at least once every three years. The department expects to phase in inspections by inspecting one-third the first year, another third the second year, and the remaining third in the third year.

10. (KEY) Through the Louisiana Insurance Rating Commission (LIRC), to consider and act upon rate change submissions from admitted insurance companies and ensure compliance with approved rates.

Strategic Link: This operational objective is related to the program's Strategic Objective II.3 (*By December 31, 2004, improve timeliness and customer service by electronically storing and analyzing Louisiana Insurance Rating Commission's rate and rule filings.*) and Strategic Objective III.1 (*By December 31, 2003, make Louisiana Insurance Rating commission information available via the Internet to enable consumers and the public to easily view rate and rule filings and rate comparisons.* ).

Explanatory Note: Rate change submissions are acted upon during regularly scheduled monthly meetings and hearings of the Louisiana Insurance Rating Commission. The number of rate changes submitted is market driven.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of rate change submissions acted upon by the LIRC	704	632	704 <sup>1</sup>	704 <sup>1</sup>	704 <sup>1</sup>	704
K	Number of rate change submissions approved	387	456	400	400	400	400
K	Number of rate change submissions approved at a lesser amount than requested	228	13 <sup>2</sup>	20	20	20	20
K	Number of rate change requests rejected	89	116 <sup>3</sup>	90 <sup>4</sup>	90 <sup>4</sup>	90	90
S	Number of rate change submissions reviewed by actuary	446	572 <sup>3</sup>	450	450	450	450
K	Average percentage change in rates approved by the LIRC	2.05%	2.62%	2.05% <sup>5</sup>	2.05% <sup>5</sup>	2.05%	2.05%
K	Market impact of rates approved by the LIRC	1.33%	2.62%	1.33% <sup>6</sup>	1.33% <sup>6</sup>	1.33%	1.33%
S	Number of experience rating modifications issued <sup>7</sup>	6,041	6,400	6,265 <sup>8</sup>	6,265 <sup>8</sup>	6,265	6,265
S	Violations cited as a percentage of documents reviewed <sup>9</sup>	8.6%	2.1% <sup>10</sup>	1.4% <sup>10</sup>	1.4% <sup>10</sup>	1.4%	1.4%

K	Percentage completion of electronic storage and analysis of rate and rate filings	Not applicable <sup>11</sup>	Not applicable <sup>11</sup>	Not applicable <sup>11</sup>	Not applicable <sup>11</sup>	5%	5%
K	Percentage completion of project to make rate and rate comparison data available to consumers via internet	Not applicable <sup>11</sup>	Not applicable <sup>11</sup>	Not applicable <sup>11</sup>	Not applicable <sup>11</sup>	5%	5%

<sup>1</sup> Includes anticipated deferrals. A deferral is an action by the LIRC.

<sup>2</sup> More companies were lowering their rates in compliance with Act 1476 of 1997 (the Omnibus Premium Reduction Act of 1997, which mandates a 10% reduction in automobile liability insurance rates, also known as "No Pay/No Play"), so the LIRC was not required to approve rate change requests at rates lower than their companies requested.

<sup>3</sup> Higher indicator value results from Act 1476 of 1997 and companies applying higher deductibles to some coverages.

<sup>4</sup> Although the FY 1999-00 performance standard for this indicator is 90, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be 130.

<sup>5</sup> Although the FY 1999-00 performance standard for this indicator is 2.05%, the department indicated in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently anticipates a yearend figure of -1.00%.

<sup>6</sup> Although the FY 1999-00 performance standard for this indicator is 1.33%, the department indicated in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently anticipates a yearend figure of 0.00%.

<sup>7</sup> An experience rating modification is a change from the rate applied, based on the claims/loss experience of the insured. An experience rating modification factor uses historical loss ratios to calculate a debit/credit for the current premiums.

<sup>8</sup> Although the FY 1999-00 performance standard for this indicator is 6,250, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates the yearend figure to be 6,000.

<sup>9</sup> The LIRC audits the declaration page, declaration page endorsements, and cancellations of all commercial automobile and/or general liability policies to ensure compliance with approved rates. In FY 1998-99, the LIRC audited 105,471 commercial automobile/general liability declaration pages and 54,889 declaration page endorsements and cancellations.

<sup>10</sup> The FY 1997-98 actual figure for this indicator was 1.3%. There was an increase in automobile endorsement violations in July 1998 and an increase in general liability endorsement violations in August 1998. Although the FY 1999-00 performance standard for this indicator is 1.4%, the department indicates in its FY 1999-00 First and Second Quarter Performance Progress Reports that it currently estimates a yearend figure of 1.75%.

<sup>11</sup> This is a new performance indicator that did not appear under Act 19 of 1998 or Act 10 of 1999 and has no performance standards for FY 1998-99 and FY 1999-00. It has been introduced to track progress toward accomplishment of a strategic objective. This is a new operational initiative for FY 2000-01. As a result, there are no FY 1998-99 actual or current fiscal year data.

GENERAL PERFORMANCE INFORMATION: LOUISIANA INSURANCE RATING COMMISSION (LIRC)					
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1994-95	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99
Average percentage change in rates approved by the LIRC	Not available	Not available	2.93%	-2.64%	2.62%
Market impact of rates approved by the LIRC	Not available	Not available	1.80%	-2.22%	2.62%
Amount of written property, casualty, surety and inland marine insurance premiums regulated by the LIRC (in \$ billions)	\$4.131	\$4.235	\$3.996	\$4.574	\$4.590

## RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1998-1999	ACT 10 1999- 2000	EXISTING 1999- 2000	CONTINUATION 2000 - 2001	RECOMMENDED 2000 - 2001	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	11,001,618	13,427,336	13,427,336	13,725,832	13,472,152	44,816
Statutory Dedications	442,252	476,323	476,323	559,843	558,482	82,159
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	163,675	199,998	206,897	230,416	201,878	(5,019)
TOTAL MEANS OF FINANCING	<b>\$11,607,545</b>	<b>\$14,103,657</b>	<b>\$14,110,556</b>	<b>\$14,516,091</b>	<b>\$14,232,512</b>	<b>\$121,956</b>
EXPENDITURES & REQUEST:						
Salaries	\$5,611,897	\$6,726,462	\$6,499,462	\$6,779,470	\$6,896,816	\$397,354
Other Compensation	470,157	397,277	506,977	506,977	506,977	0
Related Benefits	1,183,138	1,346,394	1,421,694	1,460,195	1,532,276	110,582
Total Operating Expenses	1,606,903	1,808,782	1,972,202	2,056,386	1,940,617	(31,585)
Professional Services	1,985,716	2,828,254	2,828,254	2,884,819	2,528,254	(300,000)
Total Other Charges	501,949	738,342	598,821	592,594	591,922	(6,899)
Total Acq. & Major Repairs	247,785	258,146	283,146	235,650	235,650	(47,496)
TOTAL EXPENDITURES AND REQUEST	<b>\$11,607,545</b>	<b>\$14,103,657</b>	<b>\$14,110,556</b>	<b>\$14,516,091</b>	<b>\$14,232,512</b>	<b>\$121,956</b>
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	163	171	171	171	160	(11)
Unclassified	18	19	19	19	19	0
TOTAL	181	190	190	190	179	(11)

## SOURCE OF FUNDING

This program is funded from Fees and Self-generated Revenues, Statutory Dedications and Federal Funds. The Fees and Self-generated Revenues are derived from various fees and licenses authorized by R.S. 22:1078 and the La. Insurance Rating Commission assessment authorized by R.S. 22:1419. The Statutory Dedications are from the Administration Fund (Health Insurance Portability Administrative Act) comprised of penalties and an assessment not to exceed .0002 of the amount of premiums received in this state by Health insurers during the preceding year ending December 31. (Per R.S. 39:32B(8), see table below for a listing of expenditures out of each Statutory Dedicated Fund.) The Federal Funds are provided under the Health Information, Counseling and Assistant Grant Award made under the authority of Section 4360 of the Omnibus Budget Reduction act of 1990 (Public Law 101-508).

	ACTUAL 1998-1999	ACT 10 1999- 2000	EXISTING 1999- 2000	CONTINUATION 2000 - 2001	RECOMMENDED 2000 - 2001	RECOMMENDED OVER/(UNDER) EXISTING
Administrative Fund	\$442,252	\$476,323	\$476,323	\$559,843	\$558,482	\$82,159

## ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$14,103,657	190	<b>ACT 10 FISCAL YEAR 1999-2000</b>
			<b>BA-7 TRANSACTIONS:</b>
\$0	\$6,899	0	BA-7 Adjustment to carryforward Federal Funds not expended in FY 1998-1999
\$0	\$14,110,556	190	<b>EXISTING OPERATING BUDGET – December 3, 1999</b>
\$0	\$48,645	0	Annualization of FY 1999-2000 Classified State Employees Merit Increase
\$0	\$99,365	0	Classified State Employees Merit Increases for FY 2000-2001
\$0	\$235,650	0	Acquisitions & Major Repairs
\$0	(\$283,146)	0	Non-Recurring Acquisitions & Major Repairs
\$0	(\$6,899)	0	Non-Recurring Carry Forwards
\$0	\$1,044,203	0	Salary Base Adjustment
\$0	(\$429,267)	0	Attrition Adjustment
\$0	(\$237,967)	(11)	Personnel Reductions
\$0	(\$393,368)	0	Continuation of reductions imposed by Executive Order MJF 99-52 in FY 00-01
\$0	\$44,740	0	Other Adjustments - Funding adjustment for maintenance contracts on equipment no longer under warranty
\$0	\$14,232,512	179	<b>TOTAL RECOMMENDED</b>
\$0	\$0	0	<b>LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS</b>
\$0	\$14,232,512	179	<b>BASE EXECUTIVE BUDGET FISCAL YEAR 2000-2001</b>
			<b>SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL:</b>
\$0	\$0	0	None
\$0	\$0	0	<b>TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL</b>

			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$0	\$0	0	None
<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE</b>
<b>\$0</b>	<b>\$14,232,512</b>	<b>179</b>	<b>GRAND TOTAL RECOMMENDED</b>
<b>\$0</b>	<b>\$121,956</b>	<b>(11)</b>	<b>DIFFERENCE (TOTAL RECOMMENDED AND EXISTING OPERATING BUDGET)</b>

The total means of financing for this program is recommended at 101.7% of the existing operating budget. It represents 93.9% of the total request (\$15,290,041) for this program. The net increase in funding for this Program is primarily due to adjustment in salary requirements.

## PROFESSIONAL SERVICES

\$199,600	Actuary Services for determing potential rate adjustment and financial solvency of the insurance industry doing business in La.
\$1,894,272	Financial examinations of insurance companies and related business
\$434,382	Legal services
<b>\$2,528,254</b>	<b>TOTAL PROFESSIONAL SERVICES</b>

## OTHER CHARGES

\$26,709	Senior Health Insurance Information on Medicare
<b>\$26,709</b>	<b>SUB-TOTAL OTHER CHARGES</b>

### Interagency Transfers:

\$533,501	Maintence of State Buildings
\$15,996	Civil Service and CPTP fees
\$5,431	State Treasurer's fees
\$7,149	UPS
\$3,136	Captial Complex security

<b>\$565,213</b>	<b>SUB-TOTAL INTERAGENCY TRANSFERS</b>
<b>\$591,922</b>	<b>TOTAL OTHER CHARGES</b>

## ACQUISITIONS AND MAJOR REPAIRS

\$231,520	Replacement of Data processing and associated equipment
\$4,130	Replacement of broken office equipment and furniture
<b>\$235,650</b>	<b>TOTAL ACQUISITIONS AND MAJOR REPAIRS</b>